ECONOMIC SITUATION

AS OF DECEMBER 31, 1989

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- **Statistics Canada**
- **Bureau of Statistics, Gov't of Sask.**
- **Provincial Department of Agriculture**
- **City of Saskatoon Building Department**
- **City of Saskatoon Planning Department**
- **1989-90 Canadian Markets, Financial Post**
- **Saskatchewan Mining Association**
- **Saskatoon Chamber of Commerce**
- **Saskatoon Star-Phoenix**
- **Economic Council of Canada**
- **Woods Gordon Economic Bulletin**
- **City of Saskatoon Assessor's Department**
- **Sask. Energy, Mines & Resources**

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1989 IN REVIEW

The 1980's ended with the promise of an exciting and prosperous new decade. Although 1989 will never be remembered as a banner year for economic growth, key sectors showed significant improvement.

The data contained in this report is testimony to Saskatoon's resiliency, which often contradicts general impressions of the province and the region. Even though Saskatchewan's population is steadily declining, Saskatoon continues to grow. At the same time, the average annual unemployment rate continued to drop to 9.7%; this compares to 9.9% in 1988 and 9.8% in 1987. Canadian and international investors are showing their confidence in Saskatoon's potential, resulting in an increase in the value of commercial and industrial building permits for 1989. Saskatoon, which ranked third behind Vancouver and Calgary, was the only Saskatchewan city in the top five Western Canadian cities according to building ratio per capita. In manufacturing, we established a new record of activity at $34 million.

Large sporting events such as the 1989 Jeux Canada Games, Labatts Brier and Memorial Cup not only produced over $50 million in dividends and drew national attention to Saskatoon as a tourist destination, but also demonstrated our city's ability to out perform other, larger centres in terms of support and organization. In some ways, 1989 was a "coming out year" for Saskatoon, exhibiting its vibrant diversification in sports, culture and industry. Saskatoon's companies gained further recognition as they moved into international markets, particularly the U.S. and Pacific Rim.

The success of 1989, however, was not as strong as it could have been. Residential construction, as predicted, remained low with an abundance of existing single and multi-family dwellings on the market. Drought still plagued many areas of the province, leaving an uncertain future for many farmers and agricultural businesses. Equally as uncertain was the stability of interest rates, making independent investors and businesses cautious about new ventures. Mining and petroleum, and particularly the uranium industry, continued to face a difficult world market. As

with agriculture, the resource sector is greatly affected by world market conditions, and events such as the student revolt in China, political reform in communist countries, and the fledgling stages of free trade between Canada and the U.S. all have a significant impact on how we and the world do business.

Despite the shortfall in some sectors, there were enough bright spots during the year for Saskatoon to remain confident about its economy and to look ahead to a brighter future. This view is shared by the Canadian Bond Rating Service (CBRS), who proclaimed Saskatoon as one of the strongest cities they cover -- a city able to capitalize on its position as a regional centre.

The end of the decade showed the true nature of Saskatoon: its ability to adapt to the ebb and flow of economic uncertainty. In the final analysis, the 80s made Saskatoon a stronger city ready to forge ahead into the next decade.

1. AGRICULTURE

Most of Saskatchewan's farmers endured yet another difficult year, despite early indications of better conditions. Total farm income of $4.47 billion was a new record for the province, but not significantly above the roughly $4 billion average over the past eight years. (See Table 1 and Table 2 for historical comparisons)

A disturbing statistic is Saskatchewan's performance compared to the rest of Canada. For the first time in the decade, and indeed in recent history, farm cash receipts for the province were less than 20% of the Canadian total. The overall effects are readily apparent in the increased number of farm and implement dealer bankruptcies and the migration of the rural population into urban areas.

Generalizations about Saskatchewan's agricultural industry, however, deserve footnotes which point to some farms in the province which had one of their best years with good moisture and a successful harvest. News reports of dust storms in southern Saskatchewan do not as a rule point out gentle rainfalls being experienced elsewhere.

Improved snow cover over the winter of 89/90 and subsequent spring precipitation in previously troubled areas has been a blessing to many farmers. As well, many farm operations are becoming more diversified to capture a greater share of the world market for specialized grains. Higher grain prices and a good harvest would ease the burden of high interest rates and debt loads, signalling a resurgence in this vital sector of our economy.

TABLE 1

SASKATCHEWAN GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

($ Millions)

	1989	1989	1988	1987	1986	1985
	$		%	%	%	%
Agriculture	$ 1,841	10.0	10.0	9.6	13.6	10.7
Forestry	$ 46	0.2	0.3	0.2	0.2	0.3
Mining	$ 1,189	6.5	6.5	6.3	5.5	11.4
Construction	$ 795	4.3	4.3	4.5	4.2	4.0
Manufacturing	$ 1,155	6.3	6.3	5.9	5.9	5.5
Transportation, Communication & Storage	$ 1,565	8.6	8.5	8.7	8.5	8.0
Utilities	$ 526	2.8	2.9	2.3	2.2	2.2
Trade	$ 1,898	10.3	10.3	10.7	10.5	10.3
Finance, Insurance & Real Estate	$ 3,772	20.6	20.6	21.3	19.7	19.5
Services	$ 4,218	23.0	23.0	22.8	22.2	20.8
Public Administration	$ 1,323	7.2	7.2	7.6	7.6	7.4
	$18,337	100.0%	100.0%	100.0%	100.0%	100.0%

Source: **Bureau of Statistics**
Government of Saskatchewan

TABLE 2

FARM CASH RECEIPTS, INCOME & COMPARISONS
1979 - 1989
Billions of Dollars

Year	Saskatchewan Farm Cash Receipts	Canadian Farm Cash Receipts	Sask. As A % Of Canada	Saskatchewan Total Net Income
1979	$3.03	$14.32	21.1%	$ .82
1980	$3.30	$15.85	20.8%	$ .66
1981	$4.01	$18.59	21.5%	$1.57
1982	$4.00	$18.60	21.5%	$1.10
1983	$3.96	$18.75	21.1%	$ .59
1984	$4.35	$20.31	21.4%	$ .33
1985	$4.10	$19.91	20.6%	$ .87
1986	$4.14	$20.49	20.2%	$1.39
1987	$4.24	$20.85	20.3%	$ .82
1988	$4.44	$22.06	20.1%	$ .21
1989	$4.47	$22.46	19.9%	$1.11

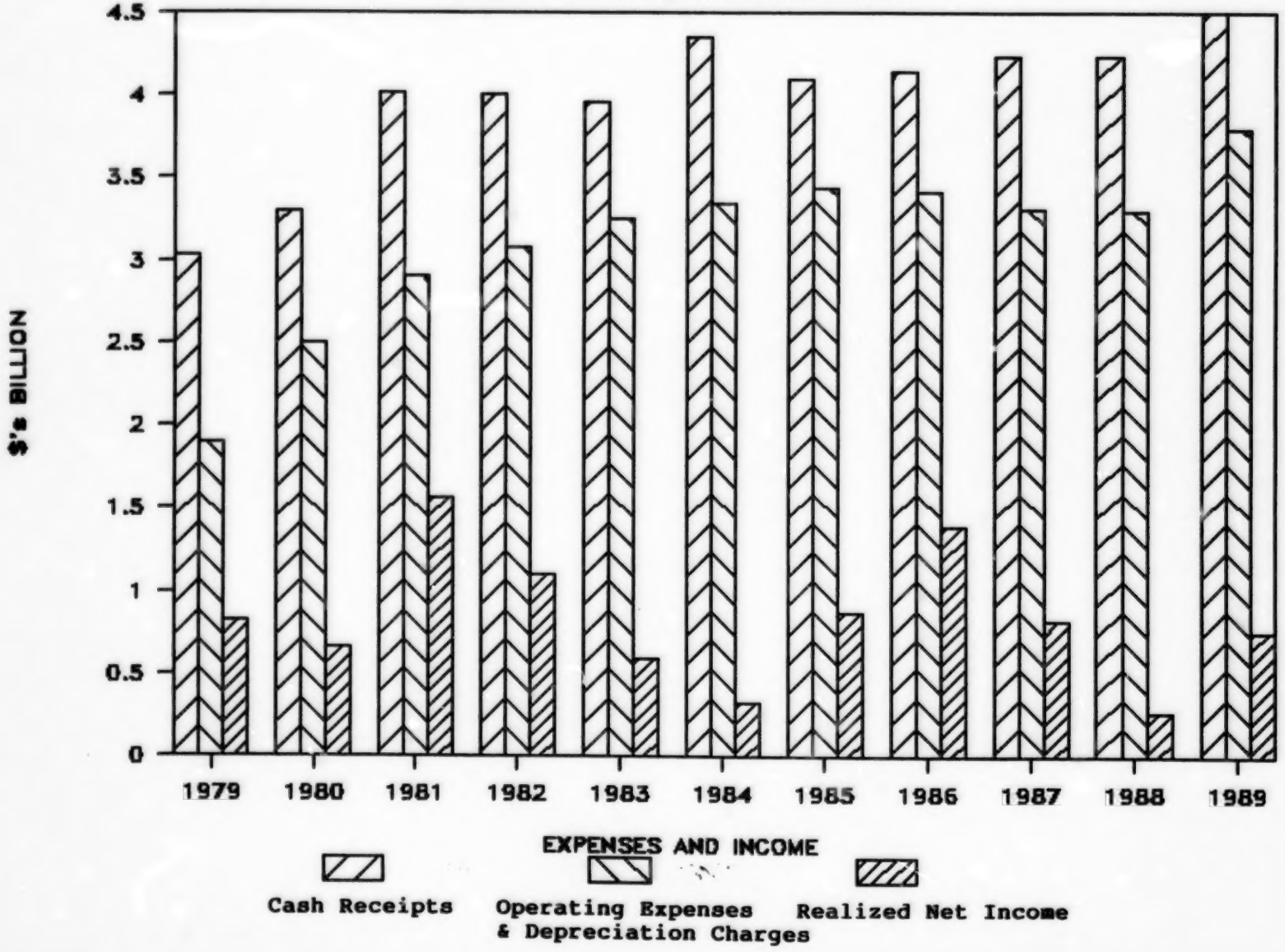
Source: Statistics Canada

Cash Receipts include Supplementary Payments

Total Net Income = Realized Net Income + Value of Inventory Change

GRAPH 1

SASKATCHEWAN FARM CASH RECEIPTS



2. CONSTRUCTION

1989 was the third biggest year for construction in Saskatoon, thanks to large projects such as the new City Hospital and the College of Agriculture building. In fact, institutional construction (as discussed further in this section) accounted for almost half of all new construction value. $218 million in construction permits were issued, an increased of 3.7% over the previous year. Total number of permits, however, declined from 3,185 to 2,560. This decrease is attributed to dramatically fewer starts for apartment units -- 68 this year compared to 683 in 1988 -- and single dwelling units, which decreased to 335 compared to 547 last year.

Taxable property assessment increased by 2.01% to $1.096 billion, compared to 1988's increase of 2.65% to $1.073 billion. Preliminary figures for 1990 indicate a 1.45% increase to $1.111 billion.

A brief glance at the other sections that comprise Saskatoon's construction industry is as follows:

Commercial:	(office/strip malls/retail/shopping centres) 1989 - $35.3 million vs 1988 - $34.8 million for a 1.4% increase
Industrial:	(warehouse/industrial plants/distribution centres) 1989 - $34.5 million vs 1988 - $10.0 million for a 245% increase
Institutional:	(schools/hospitals/university/public swimming pools) 1989 - $104.0 million vs 1988 - $66 million for an increase of 57.6%
Others:	(bridges/demolitions/private swimming pools) 1989 - $5.9 million vs 1988 $10.6 million a 44.3% decrease

Tables 7 and 8 at the end of this section summarize the major projects begun in 1989 as well as projects announced for 1990 and beyond.

TABLE 3

SASKATOON COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Year	Commercial ($ Millions)	Industrial ($ Millions)
1979	56.0	23.1
1980	54.9	19.1
1981	22.3	32.9
1982	21.0	9.4
1983	39.8	11.2
1984	35.0	8.3
1985	37.7	14.9
1986	26.3	25.4
1987	40.5	16.6
1988	34.8	9.9
1989	35.2	34.5

(i) Residential

Early in the year, realtors predicted no recovery for Saskatoon's housing slump until the mid to late 1990s, and their prediction is holding true. The City has averaged roughly $100 million per year in residential building value; 1989 plummeted to less than half that figure. The year was obviously a buyer's market, with one of the lowest average house prices (approx. $77,000) in Canada. This did not escape the attention of investors, including a group from Hong Kong who reportedly purchased a number of homes for total cost of roughly $1.5 million.

Renters also enjoyed the benefit of choice and economy, as the second highest apartment vacancy rate in Canada pushed down the rents. Early in 1989, the City's rental vacancy rate reached a 12 year high. The resulting lack of new rental starts -- and a general slowdown in residential construction -- was easy to predict.

TABLE 4

SASKATOON RESIDENTIAL BUILDING STARTS

Year	Dwellings Single/Duplex	Apartments Units	Total Dwelling Units	Total Permits
1979	1,921	2,027	3,948	4,315
1980	1,059	916	1,975	3,350
1981	1,183	1,716	2,899	3,319
1982	760	2,078	2,838	2,936
1983	1,318	959	2,277	3,918
1984	991	924	1,915	3,122
1985	1,054	778	1,832	3,367
1986	1,415	747	2,162	4,451
1987	871	544	1,415	4,523
1988	547	683	1,230	3,185
1989	335	68	403	2,560

All Figures Are Obtained From the City Building Records.

(ii) Institutional

The best year of the decade for construction of institutional facilities helped counteract the residential downturn. Saskatoon's hospitals are undergoing significant expansion; the single largest building permit in 1989 was for the $50 million phased expansion to City Hospital. This accounted for half the total of $104 million for the year, a 57.6% increase over the 1988 figure of $66 million.

Million dollar plus projects were also moving ahead at the University of Saskatchewan and the adjacent research park, Innovation Place. These projects were the L.F. Kristjanson Biotechnology complex (a $1.6 million state-of-the-art greenhouse and lab/office facility) and SEDCO's $6 million lab and office complex and the new $90 million College of Agriculture building.

The City of Saskatoon played an important role in generating projects such as an overpass, twinning of Circle Drive, a new Civic Building & Grounds building, an electrical building and expansion of its secondary sewage treatment facility.

(iii) Commercial

Many investors who follow the larger economic picture are believing forecasts calling for Saskatchewan to lead the way in economic growth. Proof of this were the announcements of national companies to expand Midtown Plaza and The Mall at Lawson Heights, as well Delta Hotel's acquisition and renovation of the well-known Hotel Bessborough. New gas bars, strip malls, warehouses and kiosks were popular projects, the largest being a $2 million food store/gas bar and car/truck was built by Shell Canada Products Ltd.

Compared to the rest of the decade, however, 1989 was an average year for commercial construction. A total of $35.3 million showed a modest 1.4% increase over 1988's $34.8 million.

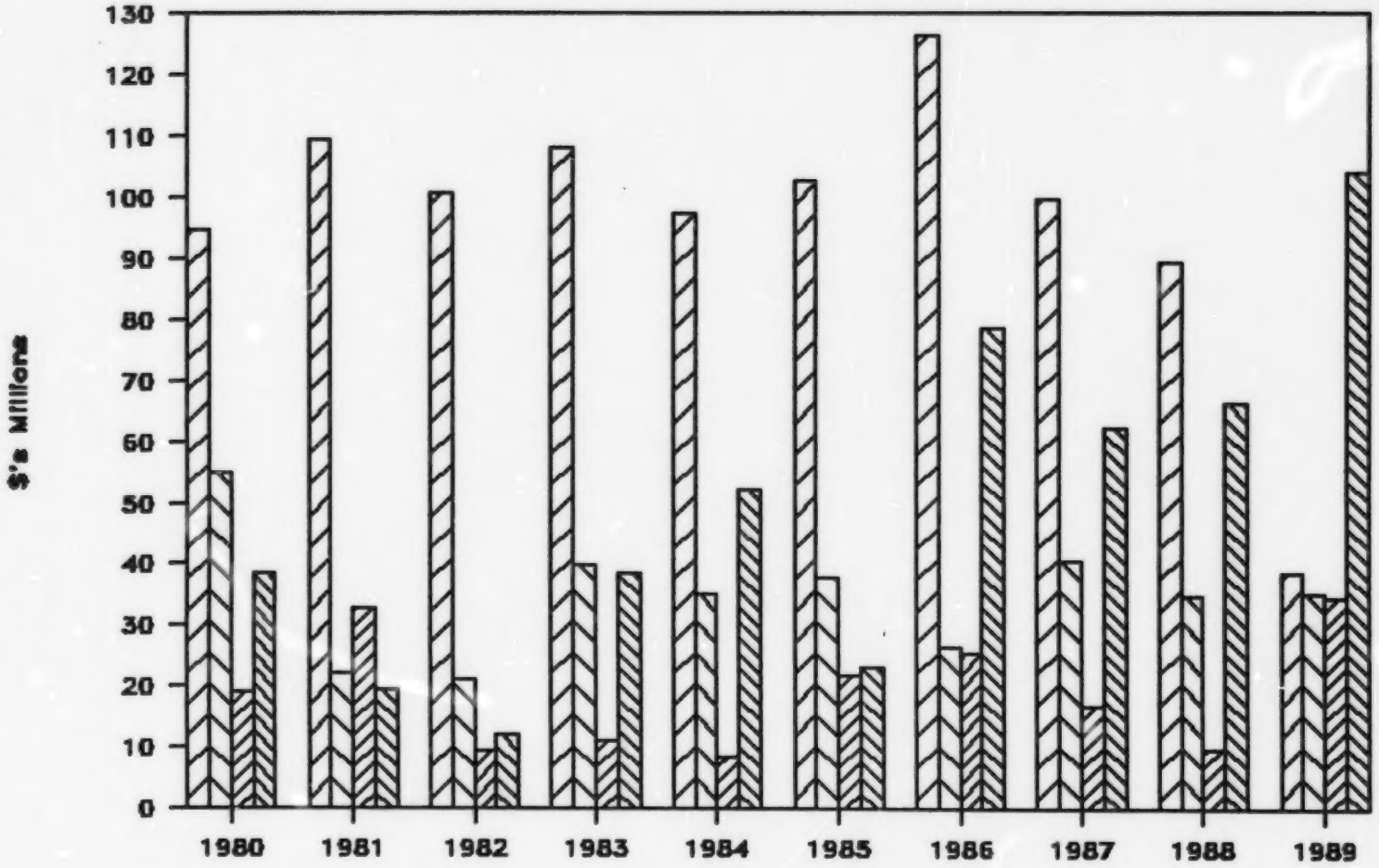
(iv) Manufacturing

This sector in 1989 is a prime example of how Saskatoon is diversifying its economy. Whereas eight of the last ten years have shown less than $10 million in manufacturing/industrial building value, 1989 jumped to $28.3 million -- a 245% increase over the previous year.

Highlights include a $25 million rendering plant by West Coast Reductions Ltd. and a new plant for Dairy Producers Co-Op Ltd. which totalled over $30 million. Saskatoon also welcomed Flexi-Coils $17 million addition, SaskTel's renovations totalling $5 million, and a $1.8 million expansion to Intercontinental Packers Ltd.

GRAPH 2

SASKATOON BUILDING PERMITS



1989				
	Residential	$38,574,100	Industrial	$34,517,000
	Commercial	$35,256,500	Institutional	$104,010,000

TABLE 5

VALUE OF BUILDING PERMITS

YEAR	SASKATOON	REGINA	SASKATCHEWAN
1979	257,500,000	179,000,000	667,000,000
1980	212,400,000	139,000,000	546,000,000
1981	199,700,000	184,000,000	575,000,000
1982	145,400,000	150,000,000	430,000,000
1983	200,400,000	176,000,000	613,476,000
1984	204,436,950	166,517,915	569,594,000
1985	187,760,700	138,568,367	548,342,000
1986	260,450,400	200,483,067	741,497,000
1987	234,706,150	208,358,308	662,194,000
1988	210,634,850	152,538,116	517,307,000
1989	218,342,000	144,304,127	502,669,000

TABLE 6

COMPARISON OF BUILDING VALUE PER CAPITA
WESTERN CANADIAN CITIES

City	1989 Construction Value	Population	Building Ratio Per Capita
1. Vancouver	$1,011,933,973	459,000	$2,205
2. Calgary	$ 977,170,500	681,000	$1,435
3. Saskatoon	$ 218,342,000	183,896	$1,187
4. Winnipeg	$ 627,918,000	638,500	$ 983
5. Edmonton	$ 516,685,400	584,000	$ 885
6. Regina	$ 144,304,127	178,348	$ 809

TABLE 7

CITY OF SASKATOON
BUILDING VALUES

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
TOTAL ($MILLION)	212	200	145	200	204	187	260	234.7	210.63	218.34
					($ MILLIONS)					
CATEGORY:										
RESIDENTIAL	94.66	109.4	100.7	108	97.08	102.53	126.23	99.52	89.07	38.57
COMMERCIAL	54.91	22.3	20.9	39.8	35.01	37.67	26.34	40.56	34.87	35.25
WAREHOUSING	13.6	28.2	6.2	6.6	5.88	11.69	8.65	8.75	4.52	5.68
MANUFACTURING	5.5	4.6	3.1	4.5	2.37	3.23	16.77	7.87	5.43	28.83
INSTITUTIONAL	38.4	19.6	11.9	38.6	52.23	23.11	78.68	62.15	66.13	104.01
OTHER	5.21	15.54	2.34	2.78	11.75	9.46	3.69	15.78	10.58	5.98

Note: Due to rounding, columns may not equal total.

3. MAJOR PROJECTS PLANNED AND UNDERWAY

Major projects totalling $163 million are listed in Table 8.

Table 9 indicates major projects that are planned for 1990+. These projects will have a very positive effect on Saskatoon's economy. Over the course of the next 5 years, there will be in excess of $3.98 billion worth of capital expenditures.

TABLE 8

MAJOR PROJECTS UNDERWAY AS OF JANUARY 1, 1989

PROJECT	DESCRIPTION	VALUE OF PERMIT
Sask. Auto	Service Centre	1,000,000
Innovation Place	Greenhouse Lab	1,600,000
Board of Education	New School	3,100,000
Dairy Producers	New Mfg. Plant	3,600,000
Greystone Co-op	Alterations	600,000
Sask Tel	Renovations	5,000,000
Northridge Dev. Corp.	MUD	1,600,000
West Coast Reductions Ltd.	New Mfg. Plant	7,500,000
City of Saskatoon	Alterations - Sewage Treatment	3,800,000
Intercon	Plant Addition	1,800,000
Sutherland Steel	Plant rebuild	700,000
Dairy Producers	New Mfg. Plant - Phase II	4,000,000
Glengarda Residence	Convent	500,000
Normandale Holdings	Warehouse	700,000
Flexicoil	New Mfg. Plant - Phase I	2,900,000
Saskatoon Brd. of Education	School Addition	800,000
City of Saskatoon	New Electrical Building	5,300,000
CSP Foods	Mfg. Plant addition	900,000
City of Saskatoon	Sewage Treatment Plant Alt.	4,500,000
Shell Canada	Service Centre	2,000,000
Saskatoon City Hospital	Phase II	50,000,000
Pacific Place Hotels	New Motel	800,000
University of Sask.	Agriculture College - Phase II	27,300,000
Royal West Equities	Shopping Centre Addition	500,000
Dairy Producers	Mfg. Plant - Phase IV	2,300,000
Cummins MidCanada	Truck Repair - Service Centre	500,000
NorthRidge Devel. Corp.	MUD	1,100,000
Lawson Heights Mall	Expansion	6,700,000
Zone A Hockey Assoc.	Rink	900,000
St. Paul's Hospital	Alteration	1,000,000
City of Saskatoon	New Office	1,000,000
St. Paul's Roman Cath. School	New School	1,900,000
SEDCO	Office/Lab Complex	6,100,000
Shell Canada	Service Centre	700,000
Shell Canada	Service Centre	600,000
	TOTAL	$163,000,000

TABLE 9

MAJOR PROJECTS PLANNED AND/OR ANNOUNCED FOR 1990+ THAT WILL AFFECT THE ECONOMY OF SASKATOON

AGENCY	PROJECT	REMARKS	VALUE (Millions)
City Hospital	New	Underway	100
Husky Oil Upgrader	New	Underway	1,300
University of Sask.	Agri. Building	Underway	90
Uranium	Cigar Lake	Dev. Stage	600
Gold	1 - 2 mines	Construction Stage	100
Prairieland Exhibition	New Complex	Planning	15
Midtown Plaza	Expansion	Underway	40
Bridge Water	Res/Office Complex	Underway	15
TSL Industries	Condominiums	Underway	7
Five Corners	Res/Office Complex	Underway	7
Meadow Lake	Pulp Mill	Underway	100
Nipawin	Pulp Mill	Planning	100
Bel Plaine	Fertilizer Plant	Underway	360
City of Saskatoon	Sewage Treatment Ex.	Underway	14
City of Saskatoon	New Electrical Bldg.	Underway	6
General Dynamics	Radio Assembly Plant	Planning	15
Westfair Food	New Super Store	Underway	25
N. Yanke Transfer	Container Port	Planning	8
Star Phoenix	Plant expansion	Announced	25
Delta Bessborough	Renovations	Underway	7
Confederation Park Mall	Expansion	Underway	18
Exploration	Diamonds	Underway	15
Uranium Project	Reactor	Concept	1000
Uranium Project	Slow Poke Reactor	Planning	15
		TOTAL:	$3.98

4. RETAIL TRADE

Although Saskatoon's per capita retail sales increased slightly from $7,038 to $7,100*, the city did not keep pace with increases experienced in most other centres with over 100,000 population. Canadian Markets ranked Saskatoon twenty-fifth compared to sixth the year before. A similar trend is seen in the city's ranking according to per capita income. The main reasons for the decline are the influx of unemployed people who have come to Saskatoon seeking work and the economic problems facing the rural population within the city's trading area.

Despite what at best could be called a flat economy, it is important to remember that per capita retail sales did increase, as did per capita income -- from $15,200 to $17,200. Saskatoon is still moving ahead, and retailers are generally optimistic about retail performance for the coming years.

* Source: Financial Post -- Canadian Markets 1989-1990.

** All figures are based on a metropolitan population of 215,000. The Economic Development Department estimates 1989's retail sales at $1,545 billion. This represents a 4% increase over 1988. Table 9 shows a ten-year historical overview of retail sales in the city.

TABLE 10

SASKATOON RETAIL TRADE

1979 - 1989

YEAR	CURRENT DOLLARS ($ MILLIONS)	% CHANGE OVER PREVIOUS YEAR	INFLATION RATE
1979	709.3	12.4	10.7%
1980	819.9	15.6	11.4%
1981	935.4	14.0	11.2%
1982	972.5	3.9	6.5%
1983	1,026.5	5.5	5.5%
1984	1,169.6	13.9	3.5%
1985	1,225.5*	4.7*	3.5%
1986	1,310.0*	7.0*	4.0%
1987	1,401.7*	7.0*	4.9%
1988	1,485.6*	6.0*	4.5%
1989	1,545.0*	4.0*	4.0%

Source: Bureau of Statistics, Government of Saskatchewan
* Economic Development Department Estimates

TABLE 11

RANKINGS OF INCOMES FOR POPULATIONS 100,000+ FOR WESTERN CANADA

CITY	INCOME PER CAPITA
1. Calgary	$19,100
2. Regina	$18,000
3. Winnipeg	$17,600
4. Saskatoon	$17,200
5. Edmonton	$17,200
6. Vancouver	$16,900
7. Victoria	$16,000

TABLE 12

RANKINGS OF RETAIL SALES FOR COMMUNITIES OVER 100,000 POPULATION

CITY	PER CAPITA
1. Ottawa - Hull	$9,100
2. Halifax	8,700
3. Calgary	8,600
4. Quebec	8,200
5. Thunder Bay	8,100
6. Hamilton	8,100
7. London	8,000
8. Windsor	7,900
9. Edmonton	7,900
10. St. John's	7,900
25. Saskatoon	7,100

Source: Canadian Markets: 1990

5. MINING & ENERGY RESOURCE PRODUCTION

No other sector has played a greater role in Saskatoon's attempt to diversify. The city has evolved to become a major mining centre in Western Canada, with approximately 20 head offices and branch offices now located in Saskatoon and roughly $300 million flowing into its economy each year. As the industry's slogan states, mining is indeed "good for Saskatchewan", and nowhere is that more evident than in Saskatoon.

Oil and Gas

The oil patch was relatively quiet throughout 1989. In fact only 365 wells were drilled as compared to 1,048 in 1988.

There were 960 gas wells drilled in 1989 compared to 742 in 1988.

The long awaited Husky Oil Heavy Upgrader has finally commenced construction. There is much expectation that once the upgrader goes into production, activity in the oil patch will pick up considerably.

Natural gas reserves were at a record high at the start of 1989. Deregulation of the natural gas industry prompted companies to expand drilling activity and build reserves to fulfill individual gas contracts. Increased U.S. demand depleted most of the "gas bubble" by year-end, and the surplus will be gone in 1990.

Potash

Despite expectations for a good year, inventory levels remained high because of a soft offshore market and lower U.S. demand. Poor growing conditions, especially in the U.S., are the main cause of a decline in sales from 1988, although a surge in sales in autumn 1989 helped eliminate some inventory. Approximately 95% of Saskatchewan's potash is exported.

Israel and the USSR have increased production, adding to the fierce competition already facing Saskatchewan producers. The industry is predicting that new markets in Asia and

Latin America will grow by 2% to 5% annually while the North American markets remain static. The Potash Corporation of Saskatchewan, with its head office in Saskatoon, became privatized in August after a lengthy process.

Uranium

Very poor market conditions, with spot prices dipping to about $9.00 U.S. per pound, continued to plague the industry. New suppliers such as China and the USSR added to an already high uranium surplus. The surplus was caused by the decision of many electrical utilities to reduce their inventory demands. A gradual turnaround is expected in 1990 as new electrical generating plants come into operation and existing utility stockpiles are depleted.

Cameco, formed by the amalgamation of SMDC and Eldorado, continued to restructure its operations as a private company and became the operator of what was formerly Key Lake Mining Corporation.

Uranium mining has often been a controversial subject, and 1989 was no exception. Media attention to anti-uranium, and more specifically anti-nuclear groups, has raised sensitivity to the issue. Announcement of a feasibility study on a Slowpoke reactor system to provide heating for the University brought out strong proponents on both sides. The industry as a whole has launched several campaigns to better inform citizens about nuclear facts. Saskatoon has the potential to become a key center for nuclear study and development, as evidenced by the establishment in 1989 of a laboratory by the Canadian Institute for Radiation Safety.

Gold

Saskatchewan had two gold mines in operation at the start of 1989. By the end of June, Cameco's Star Lake project ceased operations after successfully mining out its orebody and producing over 76,000 ounces of gold. The Jolu Gold Mine operated by Corona, had produced over 75,000 ounces of gold by year-end.

Exploration and Development

Total dollars spent on exploration were down for the first time in four years, with 1989 coming in at $54.5 million compared to $68.5 million in 1988. Precious metal exploration -- primarily gold -- made the biggest difference, down to $27 million from 1988's total of $42 million. The decline is attributed in part to the Federal Government's replacement of the flow-through funding scheme with the Canadian Exploration Incentive Program. This has made financing more difficult for the smaller mining companies, especially in a poor market. Expenditures for other minerals, including uranium, remained close to that of the previous year.

Even with decreased exploration investment, mining companies announced several promising discoveries. The Preview Lake Joint Venture found a large gold reserve north east of La Ronge, as did Tyler Resources. The Preview Lake Project, if production goes ahead, would be the largest gold mine in the province with a lifespan of six years or longer. Uranium and base metal exploration also yielded significant results in northern Saskatchewan.

The major exploration story of the year, though, focused on the search for diamonds. Diamond play increased quickly after the 1988 announcement that Monopros, a De Beers subsidiary, had found kimberlite occurrences at Sturgeon Lake near Prince Albert. The Saskatchewan Mining Association reports that over 80 companies and individuals have staked some 2,236 claims from southwest Saskatchewan to the region around Prince Albert. So far, though, only three occurrences of micro-diamonds have been reported, and their value has yet to be determined. Micro-diamonds are used for industrial purposes.

The industry also spent about $2 million on gold and $29 million on uranium pre-development ground work. The uranium expenditure was for underground test mining at the Midwest and Cigar Lake deposits.

TABLE 13

LEADING VALUES AND SALES

1985 - 1989

	Crude Oil	Potash	Uranium	Gold	Natural Gas
1985	$2.21 billion on 11.5 million cubic meters	$622 million on 6.38 million K_2O tonnes	$453 million on 6.9 million kilograms U_3O_8		$120 million on 1.9 million thousand cubic meters
1986	$1.18 billion on 11.7 million cubic meters	$550 million on 6.31 million K_2O tonnes	$457 million on 7.4 million kilograms U_3O_8		$170 million on 2.4 million thousand cubic meters
1987	$1.53 billion on 12.0 million cubic meters	$671 million on 7.02 million K_2O tonnes	$637.5 million on 11.2 million kilograms U_3O_8	$20.0 million on 1056 kilograms	$167 million on 2.7 million thousand cubic meters
1988	$1.04 billion on 12.2 million cubic meters	$975 million on 7.11 million K_20 tonnes	$463.6 million on 8.4 million kilograms U_3O_8	$20.9 million on 1191 kilograms	$207 million on 3.9 million thousand cubic meters
1989	$1.17 billion on 10.9 million cubic meters	$882 million on 6.28 million K_20 tonnes	$380 million on 7.7 million kilograms U_30_8	$44.9 million on 2844 kilograms	$284 million on 5.4 million thousand cubic meters

Source: Sask. Energy Mines & Resources

6. EMPLOYMENT and INFLATION

Saskatoon's position as a provincial center for education, health, finance and private enterprise has helped earn it a reputation for a diversity of jobs. Companies coming to the City often find little difficulty hiring qualified beginning to mid-management personnel at reasonable salaries. Attracting top executives from other centres, particularly Eastern Canada and the U.S., has been a problem for some companies because of the lingering misconception of Saskatchewan and the prairies. To counteract this, the Economic Development Department and other organizations continue to develop information packages to assist with recruitment. (See "Economic Development Activities" page 36)

Unemployment rates in the city, while down slightly in 1989, still remain higher than provincial or national averages. Graph 3 illustrates the importance of diversification, especially in such areas as manufacturing and food processing, which drive the fight against unemployment. (See Business Developments, next section.) While new jobs were created, jobs were lost due to the slowdown in the mining sector and closure of plants and offices such as:

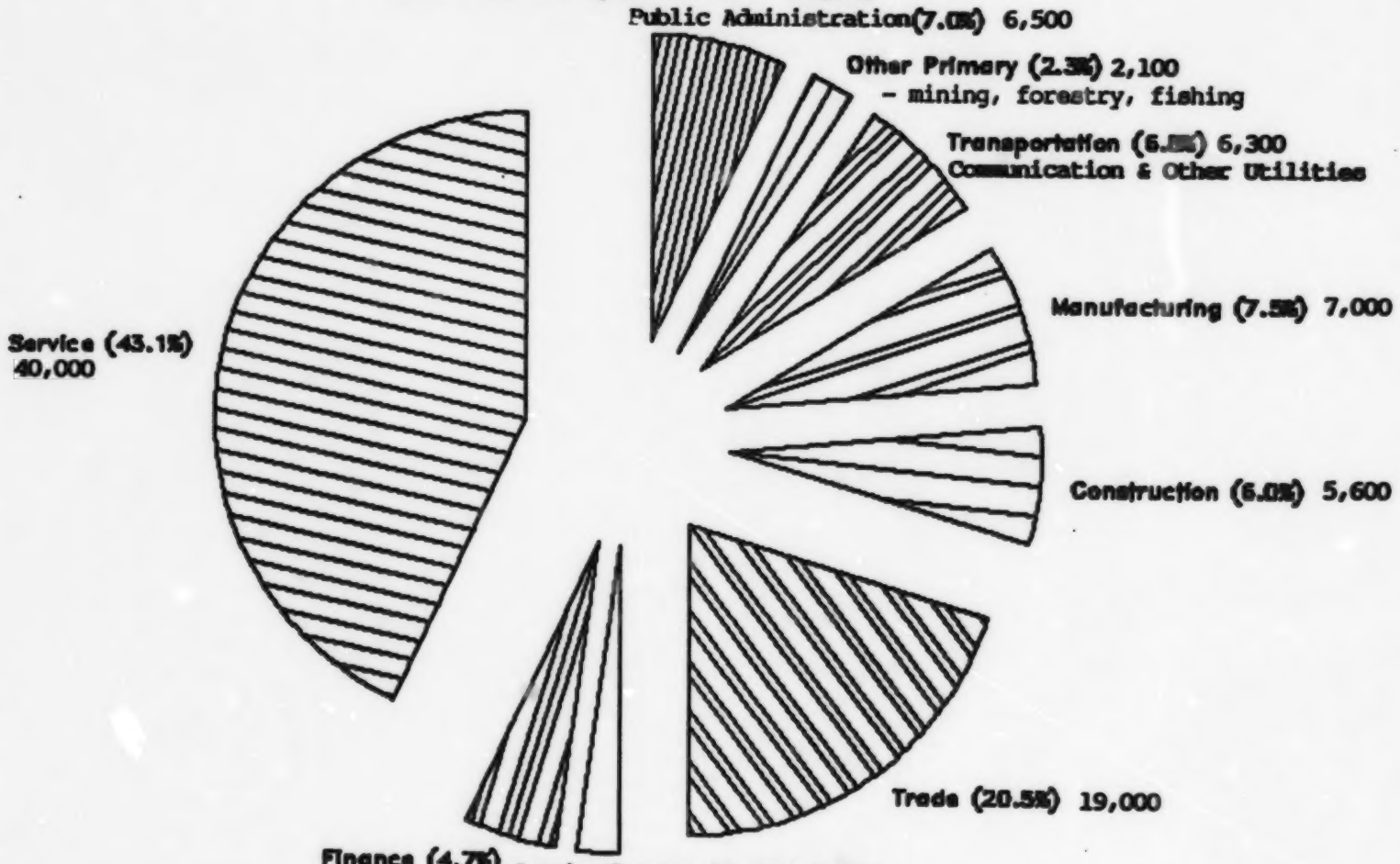
- Downsizing at Develcon
- Downsizing at SED Systems
- Carling O'Keefe Breweries - Closing
- Villy's Restaurant - Closing
- Downsizing at Intercontinental Packers
- Admar Furniture - Closing
- Wescott Casuals - Closing

Inflation, another problem besetting cities everywhere, crept up from a three year low at the beginning of the year, but did not reach the highs experienced in 1987 and 1988. Saskatoon's 1989 inflation rate was below the national average, 4%.

1 9 8 9

AVERAGE ANNUAL LABOUR FORCE

*Saskatoon Metropolitan Area – 93,900



Source: Statistics Canada. Estimates by metro area 1981 boundaries and industries. Table 15 on microfisch, unpublished.

Note: Saskatoon's Metropolitan Area includes any town, hamlet or village that has more than 50% of its population employed in the City of Saskatoon.

TABLE 14

SASKATOON EMPLOYED LABOUR FORCE
1986 - 1989

	1986	1987	1988	1989
	Employees	Employees	Employees	Employees
Public Administration	4,700	5,500	6,100	6,500
Other Primary (Mining, Forestry, Fishing)	2,600	3,100	3,100	2,100
Transportation, Communication & Other Utilities	5,800	6,200	6,200	6,300
Manufacturing	6,900	8,000	8,000	7,000
Construction	4,600	4,700	6,100	5,600
Trade	15,800	16,500	20,200	19,000
Agriculture	900	900	900	2,000
Finance	4,800	5,000	4,900	4,400
Service	34,600	35,000	39,100	40,000
TOTAL	80,700	84,900	94,600	92,900

TABLE 15

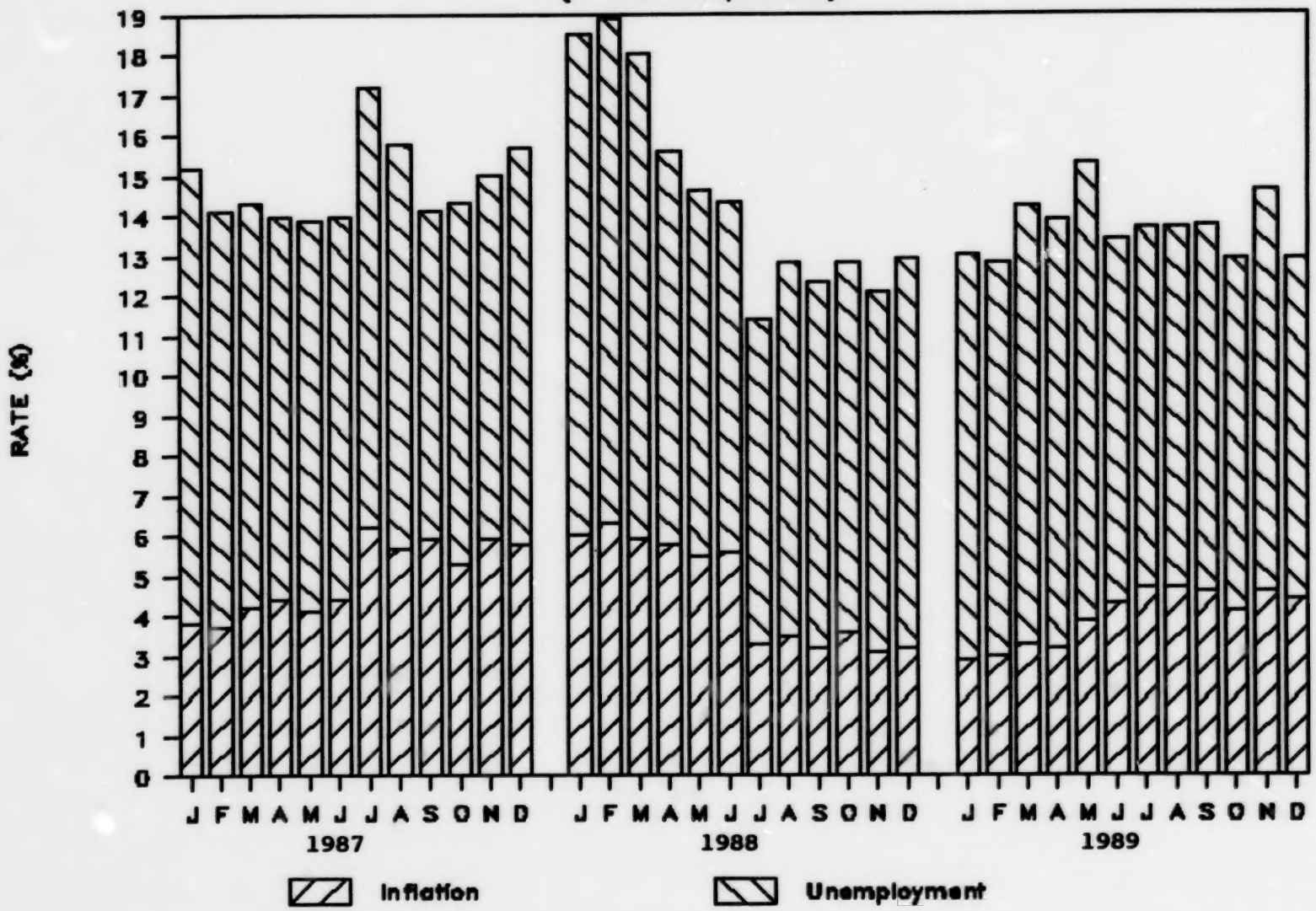
INFLATION AND UNEMPLOYMENT STATISTICS
(3-Year Comparisons)

INFLATION RATES (Consumer Price Index)		UNEMPLOYMENT RATES	
1987		**1987**	
January	3.8%	January	11.4%
February	3.7%	February	10.4%
March	4.2%	March	10.1%
April	4.4%	April	9.6%
May	4.1%	May	9.8%
June	4.4%	June	9.6%
July	6.2%	July	11.0%
August	5.7%	August	10.1%
September	5.9%	September	8.2%
October	5.3%	October	9.0%
November	5.9%	November	9.1%
December	5.8%	December	9.9%
1988		**1988**	
January	6.0%	January	12.5%
February	6.3%	February	12.6%
March	5.9%	March	12.1%
April	5.8%	April	9.8%
May	5.5%	May	9.1%
June	5.6%	June	8.7%
July	3.3%	July	8.1%
August	3.5%	August	9.3%
September	3.2%	September	9.1%
October	3.6%	October	9.2%
November	3.1%	November	9.0%
December	3.2%	December	9.7%
1989		**1989**	
January	2.9%	January	10.1%
February	3.0%	February	9.8%
March	3.3%	March	10.9%
April	3.2%	April	10.7%
May	3.9%	May	11.4%
June	4.3%	June	9.1%
July	4.7%	July	9.0%
August	4.7%	August	9.0%
September	4.6%	September	9.1%
October	4.1%	October	8.8%
November	4.6%	November	10.0%
December	4.4%	December	8.5%

GRAPH 4

INFLATION AND UNEMPLOYMENT STATISTICS

(3–Year Comparisons)



7. BUSINESS DEVELOPMENT HIGHLIGHTS

Over three hundred new businesses opened their doors in Saskatoon in 1989, creating 1,165 full-time and 689 part-time jobs. We congratulate these companies, as well as others who will remember 1989 as a year of progress:

(a) Saskatoon Fresh Pack Potatoes announced a $2.4 million expansion which will double its work force to 100 employees.

(b) Hitachi Canadian Industries Ltd. opened its $14 million plant with over 30 employees.

(c) Flexi-Coil announced a $17 million expansion plan which will create some 300 additional jobs.

(d) The Centre for International Business Studies, one of only three in Canada, opened its doors to provide assistance in conjunction with the College of Commerce to businesses interested in expanding their markets outside of Canada, particularly the U.S. and Pacific Rim.

(e) Cameco, the world's largest uranium producer, reached a ten-year agreement to provide Japan with six million pounds of uranium.

(f) For the first time in its nine year history, Philom Bios, dedicated to bio-engineering for commercial purposes, was ready to market its first product, a lentil inoculant.

(g) On the heels of its successful events of 1989, Saskatoon won the right to host two other major events for 1991: The Canadian Figure Skating Championship and the World Junior Hockey Championship. Visitors to the Figure Skating Championship alone will fill over 2,000 hotel rooms and spend at least $3 million in the city.

(h) The Department of Transport announced a $10 million renovation to the Saskatoon Airport.

(i) Saskatoon's daily newspaper, The Star Phoenix, announced plans for a new plant valued at $25 million.

(j) Total value of renovations and additions to Saskatoon's hospitals is predicted to be close to $200 million.

(k) Ag-West Biotech Inc. established their base of operations in Saskatoon.

(l) West Coast Reductions commenced construction on their new state-of-the-art $25 million rendering plant.

(m) Nygard International came to the rescue and took over the assets of Wescott Casuals and saved 100 jobs in the process.

(n) The Delta Hotel organization purchased the grand ole Bessborough and commenced a multi-million dollar renovation.

TABLE 16

MANUFACTURING ACTIVITY FOR THE YEAR 1989

N.B. New Business to the City
B.E. Business Expansion of Existing Business
B.E.N. Business Expansion to New Facility

COMPANY	PRODUCT	DESIGNATION
Pounders Emulsions	Asphalt	B.E.
Dairy Producers	Dairy Products	B.E.N.
CSP Foods	Bakery Products	B.E.
Prairie Machine & Parts	Machining	B.E.
Flexi-Coil	Farm Machinery	B.E.
Intercon	Meat Packing	B.E.
Sutherland Steel	Steel Foundry	B.E.
United Chemical Company	Chemicals	N.B.
Spadina Industries Inc.	Mattress	N.B.
Quality Sheet Metal Inc.	Fabrication	N.B.
North West Food & Fuel Corporation	Ethenol Production	N.B.
Mark & Kellog	Speciality Foods	N.B.
J's Super Snacks	Sandwich & Pizza Mfg.	N.B.
Pro Sign	Sign Manufacturing	N.B.
Boucher Caskets Ltd.	Hardwood Caskets	N.B.
M.C. Graphics Inc.	Printers	N.B.
Hi-Therm Exteriors	Window Manufacturing	N.B.
Banton Industries Ltd.	Electronic Manufacturing	N.B.
Taylor Industries	Grain Bins	N.B.
Trinity Adhesives	High Tech Epoxy	N.B.
Tranquillity Research Inc.	Food Processing	N.B.

8. POPULATION

Saskatoon's population is growing steadily while the average number of persons per household remains constant. The trend of the city is to spread out rather than develop areas of concentrated population. At the same time, some older neighbourhoods are experiencing a rejuvenation as new families move in and upgrade existing homes.

TABLE 17

SASKATOON POPULATION AND HOUSING STATISTICS

Year	Saskatoon Registrants Under the Saskatchewan Hospital Services Plan	Statistics Canada Population	Business & Residential Post Office Deliveries	Residential Post Office Deliveries	Average # of Persons Per Household
1979	144,672	144,269	62,588	49,870	2.6
1980	149,300	-	65,723	54,482	2.6
1981	154,261	152,747	68,197	55,711	2.6
1982	159,581	-	69,007	60,017	2.6
1983	164,304	-	73,357	61,070	2.6
1984	170,748	-	75,679	65,263	2.6
1985	175,859	-	77,976	67,099	2.6
1986	178,361	175,873	81,671	69,271	2.5
1987	182,216	-	84,267	72,741	2.6
1988	183,487	-	85,634	79,036	2.6
1989	18[illegible],896	-	86,851	79,953	2.6

1. City of Saskatoon Census Figure - June 1/79.

TABLE 18

POPULATION GROWTH BY CENSUS METROPOLITAN AREA 1981 - 1989

METROPOLITAN AREA	% CHANGE	RANK
Oshawa	18.9	1
Kingston	18.4	2
Ottawa-Hull	16.5	3
Toronto	16.4	4
Vancouver	15.9	5
Kitchner	15.9	6
Saskatoon	14.9	7
Victoria	11.3	8
London	10.3	9
Sherbrooke	10.1	10

Source: Canadian Markets 1988 - 1989

9. SASKATOON'S FINANCIAL VIABILITY

Once again, the Canadian Bond Rating Service recognized Saskatoon as one of the strongest cities it covers: "The overall healthy economy of Saskatoon, and its excellent financial position, allow its debentures to continue to be rated AAA, acknowledging their excellent quality."

The City's high credit rating provided an impetus for continued building activity in 1989. (See "Construction" section in this report.) Noting that tax rates are competitive with Regina and other western cities, the CBRS report states, "the well development infrastructure of the city, and its substantial reserve position afford it superior financial flexibility."

TABLE 19

POPULATION GROWTH OF SASKATOON 1968 - 1988

FIVE YEAR PERIODS

YEAR	POPULATION	ABSOLUTE CHANGE	PERCENT CHANGE
1969	126,706		
1974	128,470	+1,764	+1.4
1979	144,672	+16,202	+12.6
1984	170,748	+26,076	+18.0
1989	183,896	+13,148	+7.7

Source: Saskatchewan Hospital Services Plan Data

10. ECONOMIC DEVELOPMENT ACTIVITIES

The only thing certain for Saskatoon and indeed any city is change. In countless ways, Saskatoon has taken initiatives to ensure that this change is for the better -- that we remain a city where we want to live and do business.

Throughout North America there is fierce competition among cities to attract quality people and organizations, and Saskatoon is determined to be a strong contender. The Economic Development Department undertook the following activities in this regard:

1. Continuation of the "Success Address" booklet and direct mail campaign to target markets, as well as an insert in Invest Canada.

2. A new display entitled "Take a Look at Success" along with a companion display highlighting various aspects of the city's life and industry.

3. A series of four-colour advertisements in selected Canadian business publications. This series won "Best of Category" at the 1989 convention of the Industrial Developers Association of Canada (IDAC).

4. Participation in the following trade shows: INDEX, Canadian Institute of Mining & Meturallurgy (CIM), Global Agricultural Technology Exposition (GATE).

5. The Economic Development Department responded to 436 business requests for information and market data on Saskatoon.

11. 1990: LOOKING AHEAD

To ascertain the immediate future of Saskatoon, a look around the city is far more revealing than gazing into a crystal ball. Malls are expanding, new golf courses are taking shape, new companies in all sectors are opening their doors.

Our greatest potential is in resource development. Extensive gas and mineral exploration is bolserting optimism. Areas near La Ronge and Prince Albert show definite promise for gold and diamonds. Uranium prices are showing signs of increase on the world market. The potash industry appears to be headed for better times. In 1990, Saskatoon will strengthen its claim as a mining center in Western Canada.

Agriculture still remains our most important and most uncertain industry. For many farmers, 1990 must be a good year or they won't survive. Their situation is complicated further by cutbacks in government assistance, low prices and the hesitancy of financial institutions to extend credit. Although diversification into other sectors helps Saskatoon ease its dependency on agriculture, there is no question that an upswing in the rural economy will mean a better year for the city.

Despite uncertainties about agriculture, Saskatoon's retail sector is showing more optimism for 1990 than for the previous year. Saskatoon's population will grow very little, but will remain strong in per capita retail spending. However, the current market glut in housing will no doubt remain, keeping activity at a low. Also anticipated is a slowdown in construction of commercial space due to expansions and new facilities.

Interest rates, although high, will have some constraint on the influx of new capital into the city's economy and may affect the unemployment level. Projects such as expansion of Midtown Plaza, the addition to City Hospital, and a new College of Agriculture are still in progress. Large corporations and private investors from outside of the province are taking a new interest in Saskatoon, and will no doubt announce new ventures within the city. There is a growing sense of optimism that could spur activity, based on the sense that now is the time to proceed for maximum return on investment.

1990 could be, at long last, the kind of year Saskatoon has been waiting for since the good years of the early 80s. Our new decade could begin with a resurgence of activity that will continue into the next century.

12. SUMMARY

As the world grows increasingly smaller, Saskatoon is finding itself drawn more and more into an evolving world economy and international market place. Many of the subjects covered in this report reflect that fact.

There were many times during the eighties when you could look at a specific sector and conclude that times were indeed difficult. Looking at the larger picture, however, should give all residents of Saskatoon a truer, more optimistic view of our economic situation. Despite the droughts, high inflation, skyrocketing interest rates, gluts in the resource sector, unemployment levels and ever-increasing provincial and federal government debts, Saskatoon had its own story to tell.

It is a story of how, over the past ten years, we developed exciting new products and sold them throughout the world, we built excellent new sports and recreation facilities, we graduated thousands of well-trained specialists in hundreds of different careers, we became Canada's fastest growing city, we created over 25,000 new jobs, and had over $2 billion in construction, and the population increased by over 40,000.

In the future, as in the past, it is only by looking beyond the immediate situation that we will see the exciting destiny of our proud and growing city.

TABLE 20

INDIVIDUAL INCOME TAXATION STATISTICS
(1987 - LATEST AVAILABLE FIGURES)

INCOME CLASS	1987	% OF TOTAL
Under $2,500	13,690	11.44
$2,500 - $5,000	8,500	7.10
$5,000 - $7,500	9,300	7.77
$7,500 - $10,000	9,150	7.65
$10,000 - $12,000	8,690	7.26
$12,000 - $25,000	7,670	6.41
$15,000 - $20,000	13,930	11.64
$20,000 - $25,000	12,140	10.15
$25,000 - $30,000	9,860	8.24
$30,000 - $40,000	13,920	11.63
$40,000 - Plus	12,880	10.77
Total Returns	119,640	100.0
Total Income $000	2,445,808	
Average Income	20,443	
Total Tax $000	471,194	
Average Tax	5,028	

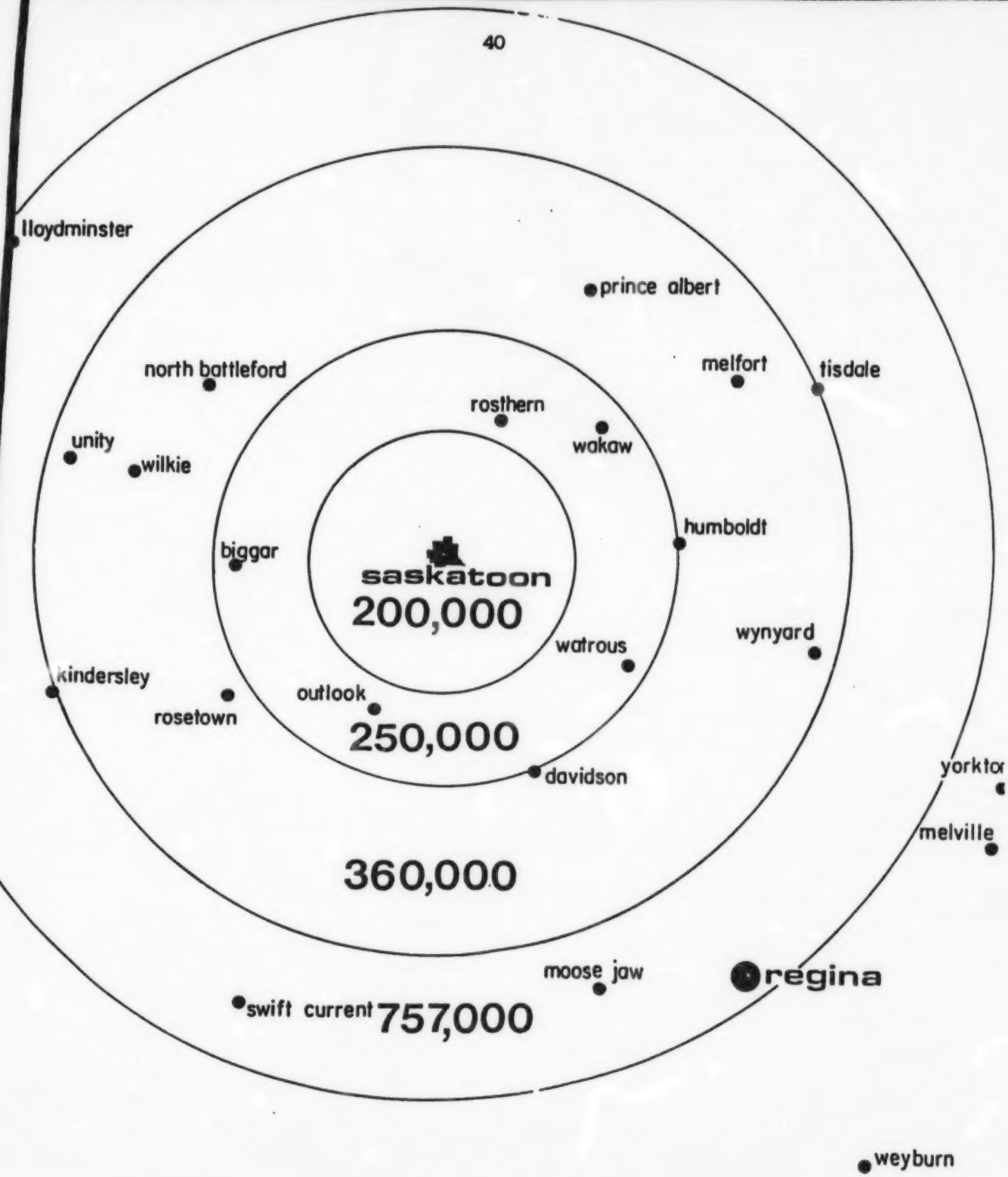
Source: Canadian Markets 1990

Appendix 1

CITY OF SASKATOON

STATISTICS - 10 YEAR PERIOD

			% Increase Over 10 Years
Population	1989	183,896	27%
	1979	144,672	
Income	1988	$3,802,061,000	219%
	1979	$1,193,479,000	
Trading Area Population	1989	550,000	21%
	1979	454,900	
Trading Area Income	1988	$9,527,145,000	178%
	1978	$3,427,268,000	
Construction	1989	$ 218,342,000	N/A
	1979	$ 257,472,850	
Total Net Business Assessment	1989	$ 58,469,048	85%
	1979	$ 31,609,507	
Retail Trade	1989	$1,505,135,000	112%
	1979	$ 709,300,000	
Industrial Plants	1989	365	76%
	1979	207	
Manufacturing Value	1988	$ 922,140,000	121%
	1978	$ 416,606,000	



SASKATCHEWAN

Source: Statistics Canada

Appendix 4

ECONOMIC DEVELOPMENT DEPARTMENT
AVAILABLE PUBLICATIONS

NAME OF PUBLICATION	
Economic Profile	$ 5.00
Economic Situation Report - Year End	2.00
Economic Situation Report - Six-Month Update	1.00
Industrial Directory	2.00
Professional Directory	1.00
Financial Directory	1.00
Distributors Directory	1.00
Technology Directory	1.00
Transportation Directory	1.00
Warehouse Absorption Study	1.00
Saskatoon - Call It Home	1.00
Living In Saskatoon	1.00
Bridges Newsletter	.50
Success Address	1.00
New Business Starts (per set)	2.00
Photocopy Information Sheets:	
Industrial Buildings for Lease)	
Office Buildings for Lease)	.50
Building Permits Over $100,000.00)	

One complimentary copy will be made available, all additional copies will be charged the above prices.

Audio-visual shows on VHS cassettes are available on loan.